

WALLER LANSDEN DORTCH & DAVIS

A PROFESSIONAL LIMITED LIABILITY COMPANY

NASHVILLE CITY CENTER
511 UNION STREET, SUITE 2100
POST OFFICE BOX 198966
NASHVILLE, TENNESSEE 37219-8966
(615) 244-6380

FACSIMILE
(615) 244-6804
WWW.WALLERLAW.COM

D. Billye Sanders
(615) 252-2451
bsanders@wallerlaw.com

809 SOUTH MAIN STREET
P. O. BOX 1035
COLUMBIA, TN 38402-1035
(931) 388-6031

December 21, 2000

VIA HAND DELIVERY

D. David Waddell
Executive Secretary
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243-0505

Re: Joint Application of the City of Kingsport and Tensasco Pipeline Corporation for Approval of City Resolution and City Ordinance;
Docket No. 00-00537

Dear Mr. Waddell:

Enclosed you will find the original and thirteen copies of the pre-filed testimony of Robert Carter, President of Tensasco Pipeline Corporation. In addition, you will find certified copies of the Minutes of the Board of Mayor and Aldermen Work Session held on May 1, 2000 and the Minutes of the Board of Mayor and Aldermen Business Meeting held on May 2, 2000 at which the resolution that is the subject of this docket was considered and approved. The relevant section of the minutes of the work session is item VI.D.3 on page 3 of 5. The relevant section of the minutes of business meeting appears on pages 489 to 490 (item 3).

At the Authority Conference on Tuesday, December 19, the Directors deferred the hearing of this matter to Richard Collier, General Counsel, and delegated to him discretion to have a formal hearing or a paper hearing based upon the filings in the docket. Consequently, we have included a motion to the Hearing Officer requesting that the matter be heard based upon the written record in this docket.

PLM

December 21, 2000

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Thank you in advance for your consideration.

Sincerely,

A handwritten signature in cursive script that reads "D. Billye Sanders". The signature is written in black ink and is positioned above the printed name.

D. Billye Sanders

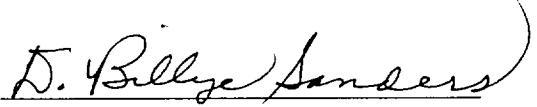
DBS/lmb
Enclosures

cc: Richard Collier, Hearing Officer
Joe A. Conner, Esq.
J. Michael Billingsley, Esq.
Cary Sorensen, Esq.

CERTIFICATE OF SERVICE

I, D. Billye Sanders, hereby certify that a true and correct copy of the foregoing was delivered by facsimile or U.S. Mail, postage prepaid to the counsel of record listed below on the 21st day of December, 2000:

Joe A. Conner, Esq.
Misty Smith Kelley, Esq.
Baker, Donelson, Bearman & Caldwell, PC
1800 Republic Centre
633 Chestnut Street
Chattanooga, Tennessee 37450
ATTORNEYS FOR UNITED CITIES GAS COMPANY


D. Billye Sanders
D. Billye Sanders

BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE

2011 01 11 1 15

IN RE:

JOINT APPLICATION OF THE CITY OF
KINGSPORT AND TENGASCO PIPELINE
CORPORATION FOR APPROVAL OF
CITY RESOLUTION

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Docket No. 00-00537

PREFILED DIRECT TESTIMONY
OF TENGASCO PIPELINE CORPORATION

Q. Please state your name, the name of your employer, your business address, and the title you hold with your employer.

A. My name is Robert M. Carter. I am President of Tengasco Pipeline Corporation, with my offices at company headquarters at 603 Main Avenue, Suite 500, Knoxville, Tennessee 37902.

Q. How long have you been employed by Tengasco Pipeline Corporation?

A. I have worked for Tengasco Pipeline Corporation or its parent company Tengasco, Inc. since about 1995 when the parent company was formed.

Q. What do your duties as President of Tengasco Pipeline Corporation encompass?

A. As president of the company, I am responsible for decision making concerning all company operations ranging from landowner relations, right of way, pipeline construction and maintenance, and supervision of all company employees carrying out the company's operations. I report to the chief executive officer of the company, M.E. Ratliff, and to the Board of Directors of Tengasco Pipeline Corporation.

Q. What is the subject of Tengasco Pipeline Corporation's and the City of Kingsport's application in this docket?

A. This application is to approve a city resolution enacted by the City of Kingsport authorizing construction of natural gas pipeline facilities by Tengasco Pipeline Corporation ("TPC") in Kingsport, Tennessee and transportation through those facilities that are necessary to complete deliveries to Eastman Chemical Company of natural gas under a twenty-year contract between Tengasco, Inc., TPC's parent company, and Eastman Chemical Company, as well as any future contracts with industrial companies similarly situated. The Resolution is included in the joint application in this docket and is incorporated by reference.

Q. Why is this construction necessary?

A. No facilities now exist whereby Tengasco could deliver intrastate gas to Eastman. The only physical pipeline connection at Eastman is to East Tennessee Natural Gas Company, an interstate pipeline. Therefore, Tengasco Pipeline Corporation's construction of these new facilities is necessary to allow Tengasco Pipeline Corporation to deliver intrastate gas and thereby compete with deliveries of interstate gas from East Tennessee Natural Gas to certain industrial customers.

Q. Please describe Tengasco Pipeline Corporation's existing system and the new construction required in Hawkins County, Tennessee and in Kingsport, Tennessee.

A. Tengasco Pipeline Corporation owns an existing twenty-eight mile pipeline from the Swan Creek field in Hancock County, Tennessee near Sneedville and extending to Rogersville in Hawkins County, Tennessee. To effectuate deliveries of natural gas to Eastman Chemical Company, Tengasco Pipeline Corporation will complete an additional twenty-six mile line from

Rogersville to Eastman's facility at Kingsport. This line follows a route along Highway 11-W to the westernmost point of the Holston Army Ammunition Plant on Highway 11-W. Tengasco Pipeline Corporation received a permit from the Tennessee Department of Transportation to construct this line in the state highway right of way. The pipeline will enter the grounds of the Holston Army Ammunition plant ("Holston Arsenal") at the closest point of Holston Arsenal to Rogersville and proceed across the grounds of the Holston Arsenal away from the Highway, to interconnect with an existing 12" pipeline on Holston Arsenal's grounds, and will proceed to a point on Holston Arsenal on the western side of an existing railroad bridge across the Holston River. At that point, the pipeline to serve Eastman will turn to proceed directly south on the western side of the river, within the city limits of Kingsport, on to Eastman's property, and proceeding on company property near Jared Drive and interconnecting with Eastman's system near the present point where East Tennessee Natural Gas interconnects with Eastman's system.

Q. How much of this project is in Kingsport and in what manner will the line be constructed?

A. Approximately, the last three miles of this project will be in Kingsport. The construction in Kingsport will be a 12" steel pipeline and related connecting facilities and meters installed by pipeline construction contractors under agreement with TPC. TPC and its contractors are fully insured and all construction and operations will be in compliance with all applicable safety regulations enforced by the Tennessee Regulatory Authority.

Q. Are you familiar with a pilot program enacted by the Tennessee legislature relating to transportation of natural gas produced in Tennessee to certain customers?

A. Yes, I am. TPC's pipeline project made the subject of this docket is specifically intended

to transport gas produced in Tennessee to Tennessee consumers in accordance with that pilot project enacted last year by the Tennessee legislature and established in Tenn. Code Ann. § 65-28-103. As can be seen from the wording of the statute, under the pilot program, intrastate gas can be transported by an intrastate natural gas pipeline corporation subject to regulation by the Tennessee Regulatory Authority such as Targasco Pipeline Corporation, to customers that have been served by an interstate pipeline such as Eastman Chemical Company.

Q. Did you send a letter to the City explaining the need for these facilities and the transportation they would provide?

A. Yes, I did. A true copy of that letter dated April 26, 2000 addressed to Mr. J. Michael Billingsley, City Attorney, and signed by me was included in our response to data requests in this docket and is incorporated by reference.

Q. Are you aware of any other large volume industrial customers that are served by an interstate natural gas pipeline in Kingsport and would qualify to purchase gas from Targasco under the Pilot Program established in Tenn. Code Ann. § 65-28-103?

A. I am aware of several large volume industrial customers in Kingsport that are served, to the best of my knowledge, by an interstate natural gas pipeline and would therefore qualify to purchase gas under the Pilot Program, including AFG Glass, Willamette Paper, General Shale, and the Holston Army Ammunition Plant.

Q. Has either Targasco Pipeline Corporation or Targasco, Inc. contracted to transport or sell gas to any of these companies?

A. No.

Q. What other benefits to the public convenience and interest will result from the

deliveries of gas to Eastman Chemical Company through the facilities in Kingsport, Tennessee?

A. The completion of this line will allow much larger volumes of production of natural gas to commence from the Swan Creek field. The wells in the field have a capacity much greater than the existing market to take and use the gas. When sales commence to Eastman Chemical, the severance taxes imposed by the State of Tennessee will become due on that much larger volume of production, and when those taxes are paid by Tensasco, the community from which the gas is produced will be receiving a portion of those severance tax revenues back to local uses. So the commencement of sales is an important event not only for the landowners, Tensasco, Tensasco Pipeline, and Eastman, but all the residents in Hancock County, Tennessee where our field is located. The tax funds received by local government will go a long way to help fund schools and other governmental activities in one of the most disadvantaged areas of the state.

Q. Are you familiar with the basis for the statement made in the Kingsport City Resolution No. 2000-92 that a public necessity requires a competing natural gas pipeline company in the City of Kingsport?

A. Yes, I am. I attended the meeting of Mayor and Board of Aldermen of the City of Kingsport on May 2, 2000 at which the Resolution was enacted. The City of Kingsport had determined in the resolution that the public necessity required a natural gas pipeline company to compete with gas delivered from the East Tennessee Natural Gas Company, an interstate pipeline and the only physical source of natural gas to the City. The City determined in the resolution that such competition was needed because the competition would benefit its citizens by providing an alternate supply, and resulting competition would provide those of its corporate

citizens purchasing gas from suppliers delivering the gas from an interstate pipeline, with at least the possibility of better overall choices in rates along with the certainty of the alternative source.

Q. Did Eastman Chemical Company support the enactment of the resolution made the subject of this docket?

A. Yes, a representative of Eastman Chemical Company was present at the working session of the Mayor and Board of Aldermen of the City on May 1, 2000 and expressed Eastman's support of the resolution.

Q. You stated previously that you were present at the meeting of the Mayor and Board of Aldermen on May 2, 2000 when the Resolution was passed?

A. That is correct.

Q. Describe generally what occurred at that meeting in regard to the Resolution.

A. The Resolution was presented by the City Attorney to the Mayor and Board of Aldermen for consideration. The opportunity was given to all members of the public present at the meeting to ask about the resolution, but no questions were asked. The City Attorney introduced me and Mr. Cary Sorensen, who was in attendance at the meeting with me, to the Mayor and Aldermen as representatives of Tengasco Pipeline Corporation. The vote was held on the passage of the resolution, and it was carried unanimously. Several of the aldermen then followed by making individual comments to me supporting the investment by Tengasco Pipeline Corporation being to provide these facilities and to provide savings to their important corporate citizens.

Q. Does this conclude your testimony?


A. Yes it does.

TENGASCO PIPELINE CORPORATION

BY: 
ROBERT M. CARTER
President

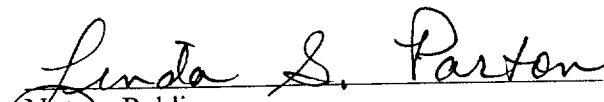
VERIFICATION

I, Robert M. Carter, declare under penalty of perjury that I am authorized by Tengasco Pipeline Corporation to testify on its behalf, that I have caused the foregoing written testimony to be prepared on my behalf, that I have read the foregoing testimony and that the statements contained therein are true and correct to the best of my knowledge, information and belief.


Robert M. Carter
President
Tengasco Pipeline Corporation

STATE OF TENNESSEE)
)
COUNTY OF KNOX)

Sworn to and subscribed before me this 20th day of December 2000.


Notary Public
My Commission Expires: 3/10/04

**Minutes
Board of Mayor and Aldermen
Work Session
Monday, 01 May 2000**

PRESENT: Mayor Blazier; Vice Mayor Vaughn; Aldermen Boyd, Clark, Harmon, Marsh and Munsey, City Manager Griffin; City Attorney Billingsley; City Recorder Demming; and Staff

1. MAYOR BLAZIER CALLED THE MEETING TO ORDER AT 4:30 P.M. IN THE COUNCIL ROOM AT CITY HALL.

2. CITY RECORDER DEMMING CALLED THE ROLL. Vice-Mayor Vaughn arrived at 6:07 p.m. Alderman Boyd departed at 6:30 p.m. Mayor Blazier welcomed visitors, including Mr. Terrell of the All-America City Steering Team, Mr. Sorenson of TENGASCO Pipeline, Ross Kingdon, and Bill Hudson.

3. REVIEW OF THE 02 MAY 2000 BUSINESS MEETING AGENDA

City Manager Griffin read and briefly summarized action required by each agenda item.

The following items received more than brief attention and were discussed in the order they appear:

Item V; Minutes. Alderman Marsh requested that the minutes of the Tuesday, 11 April 2000 meeting clarify the number of students transported to and from Kingsport schools. Instead of reflecting that 2,700 students are transported on a daily basis, he requested that the minutes specify that 1,350 students are transported in the morning and 1,350 in the afternoon.

Alderman Marsh also requested that Page 478 of the Tuesday, 18 April 2000 Minutes reflect discussion amplifying Mr. Estep's qualifications for appointment to the Kingsport Economic Development Board. He further requested that similar key biographical data and rationale supporting appointments be presented with all future recommendations and reflected in the minutes for historical reference.

VI.A.1. Public Hearing and Consideration of an Ordinance to Rezone Property for the Proposed West Stone Drive Super Wal-Mart site. Senior Planner Allen Webb explained that four acres are being rezoned to accommodate this site. A citizen's request for signalization at the Center Street and Fort Robinson intersection was discussed. Staff considered the need for a signal unwarranted, however assessed that traffic could be monitored and results brought before the Board as appropriate. Wal-Mart will install one traffic signal at the intersection of Stone and Lawson Drives and one at Green Lane and Stone Drive.

This is to certify that this
is an exact & true copy.

W. P. Searley 12-18-00
DEPUTY CITY RECORDER
City of Kingsport TN

Alderman Clark addressed sewer and drainage issues on the Wal-Mart site. Lengthy discussion followed regarding potential drainage problems, funding of the sewer line, the State's reestablishment of a Blue Line Stream on the property, street lighting, potential City revenue, and employment opportunities associated with the project. Mr. Webb was asked to conduct additional research on the drainage problem and have a report ready at the 02 May 2000 business meeting.

VI.A.2. Public Hearing and Consideration of an Ordinance to Rezone Property for the Proposed West Stone Drive Medical Office Facility Site. Planner Cheryl Carter briefed the Board on the property owners' request for rezoning an area at the corner of West Stone Drive and Granby Road.

Additional discussion ensued regarding funding for the sewer project at the Wal-Mart site. Alderman Clark requested that future presentations of this nature collectively address all issues related to a project in one coherent package, not individually.

VI.A. 3. Public Hearing and Consideration of an Ordinance to Authorize the Mayor to Execute a Contract with Flores & Associates. Mr. Dennis Lyon and Ms. Belva Hale presented the Board with a summary of the Flexible Spending Account Program on behalf of the City and Schools Employee Benefits Committee. The presentation was as requested by Mr. Griffin. Discussion followed. Alderman Munsey requested that future action forms reflect more details relating to funding aspects of a proposed action. In this case he cited appropriate information to be Mr. Lyon's response to his question regarding how much initial funding would likely be required to support reimbursement claims against early-drawn individual spending accounts, the source of this initial funding, and when the spending accounts would most likely become self-sustaining. Mr. Griffin advised that the proposed plan is a logical extension of the City's Flex-Plan for Health Care Plan premium a couple years ago and concurrent with the committee's original plan to phase-in this benefit. Mr. Lyon also reported that members of the committee included Alderman Lon Boyd, Mr. Ray Griffin, and Mr. Lyon of the City, and Dr. Chambers, Ms. Verna Ruth Abbott and Ms. Delores Richmond of the Schools. Mr. Jim Demming and Ms. Belva Hale served as ex-officio members. Mr. Harmon commended Mr. Lyon for coordinating efforts to implement the plan and the plan's provision that unspent proceeds would be applied toward the cost to administer the plan.

VI. A.4. Public Hearing and Consideration of an Ordinance to Authorize the Mayor to Execute a Contract for Health Insurance. Mr. Dennis Lyon and Ms. Belva Hale explained the Employee Benefits Committee's proposed health insurance plan including rate increases, the plan's pool of funding, state reserves, demographics, options and benefits. The plan is offered on a calendar year through the State of Tennessee Department of Finance and Administration and excludes chiropractic services offered under the existing plan with John Deere Health. Brief questions and answers followed regarding the plan's reputation and record, comparable insurance ratings, and the plan's funding reserve. Alderman Munsey expressed pleasure in the plan noting that it was the type of plan the Board had been looking for. Mr. Lyon credited School representatives for identifying that the State had recently opened the plan to

• Minutes of BMA Work Session, 01 May 2000

municipalities and committee compared it with the other plans. Alderman Harmon considered the premium more and benefits less than the plan offered by his employer. Mr. Lyon explained that comparing premiums and how insurance ratings affect premiums is a complex process relative to demographics and other data. Discussion followed.

Alderman Harmon asked the City Manager if he was satisfied that adequate research had been done and that the proposed plan is the most cost effective and provides reasonable coverage for City employees. Mr. Griffin replied that based on information provided, yes. Alderman Boyd noted that he had review the records and considered the proposal to be a good plan.

Mayor Blazier asked that the Board review those topics awaiting presentation by guests and visitors in attendance, advancing items VII.D.3 and 4 of the agenda for immediate discussion.

VI. D.3. Consideration of a Resolution to Authorize the Construction of Intrastate Natural Gas Pipeline Facilities in the City Limits of Kingsport. Attorney Mike Billingsley explained the recent franchise agreement between Eastman Chemical Co. and Tensasco Pipeline Corporation as well as the proposed agreement between City and Tensasco. Mr. Cary Sorenson, Vice President and General Council of Tensasco, briefly explained that a large source of natural gas was being drilled in eastern Tennessee, the intent of Tensasco to complete a pipeline from Hwy.11 to an existing pipeline at the Holston Arsenal compound (Royal Ordinance North America facility), the State's establishment of a Pilot Program permitting intrastate natural gas pipelines, as well as benefits resulting from such installation. He addressed concerns about easements, construction of the pipeline, right-of-ways, and future retail/wholesale customers. He stated that Tensasco would not be taking residential customers away from established gas companies in the City, but would only serve those large volume customers who do not have gas provisions authorized by the Pilot Program. Mr. Sorenson asked that a resolution be passed as soon as possible. The Board invited him to be present at the Board's business meeting tomorrow evening.

VI. D.4. Consideration of a Resolution to Appropriate funds to the All-America City Steering Team. Mr. Colon Terrell, Chairman of the All-America City Steering Team, requested a \$10,000 contribution from Kingsport for the purpose of the City becoming an All-America City "Five Star Partner". He discussed planned area projects, the promotional aspects of All-America City status, the goal of retaining the status in future years of competition, and regional participation as instructors at national workshops in Summer 2000.

VI. B.1. Consideration of an Ordinance to Authorize the Mayor to Execute a Subordination Agreement with State of Franklin Savings Bank. Mr. Mark Haga, Community Block Development Grant Manager, addressed concerns about Mr. Richard West's application for a Home Equity Loan which would require the City to subordinate its lien by deed of trust for use of CDBG and THDA H.O.U.S.E. funds on the rehabilitation project constructed at 1656 "F" Street. Mr. Haga estimated the West property to be valued at \$40,000. Alderman Harmon voiced reservations about default aspects of the loan and asked Mr. Haga to ask the property owners if they plan obtain a loan if the Home Equity Loan is not approved.

VI. B.2. Consideration of an Ordinance to Authorize the Mayor to Execute all Documents Necessary to Obtain a Police-School Resource Officer Grant from the U.S. Department of Justice. Chief Addington addressed questions regarding the duties, responsibilities, and daily schedule of the proposed officer. Concerns were raised about the necessity of the program and the Schools' funding of and commitment to this program after the three-year grant has expired. Vice-Mayor Vaughn remarked that the school system declined this same program in the past due to inability to commit to funding after the 3-year period ended. Chief Addington advised that the previous agreement's job description involved the officer serving as a classroom instructor. The proposed contract excludes this dedicated responsibility thereupon allowing the officer greater mobility to patrol and build relationships and trust with students. Funding of the position beyond the 3-year grant period was discussed. Alderman Munsey considered it appropriate to obtain a formal agreement from the BOE indicating it's willingness to fund the position without an increase in their future budget requests, before the Board approves this action. Chief Addington suggested that the Board approve the application process, then at the time the grant agreement is available to sign, approve or reject the agreement based on the Board's consideration of the BOE's commitment response. Concern was raised about whether or not the position's responsibilities would keep the officer adequately productive. Discussion suggested that it would. Alderman Harmon expressed a desire for the proposed officer to become an intelligence-gathering source thereby monitoring potential threats.

RECESS: The meeting recessed at 6:19 p.m. and reconvened at 6:47 p.m.

VI. D.2. Consideration of a Resolution to Establish Funding for Easements for the John B. Dennis Highway Widening Project. Alderman Marsh asked what the funding source is for this project. Mr. Haston replied that it is being funded by unallocated bond proceeds.

Alderman Clark requested that staff keep a running total of how much is being expended from unallocated bond funds, considering many actions seem to be funded from this source of money. Mr. Griffin explained that unused project funds are deposited in this fund and cannot be reallocated until approved by the Board. Mr. Griffin indicated that Mr. Demming would provide a quarterly report on this fund.

VI. D.6. Consideration of a Resolution to Extend a Contract Agreement with Blackburn, Childers, & Steagall for Internal Audit Services. Mr. Marsh expressed concern about the rising cost of the company's audit service. Mr. Harmon responded. Some discussion followed.

VI. E.1. Consideration of Re-Appointment to the Library Commission. Dr. Gary Andes was recommended for re-appointment to a second 4-year term. Mr. Marsh expressed his desire to have detail information on appointees. Mr. Griffin indicated that future appointments would reflect his wishes. Ms. Kitty Canepi noted that Dr. Andes has business experience and perspectives that compliment the collaborative efforts of the Library Commission. Alderman Marsh referred to a recent complaint he received from a member of

the Election Committee regarding the inability to use the library for polling purposes. Ms. Canepi explained the conflict of use and complaints from citizens about the restricted use during the polling period, which extends for about 6 weeks. The library auditorium and meeting rooms have an established free-of-charge use policy exercised on a "first-come-first-serve" basis. The rooms are used extensively by the public. Liaison with the Election Committee indicated that the committee was pursuing other election locations. The Library Commission had received no further communication on the issue since discussion 2-3 months ago.

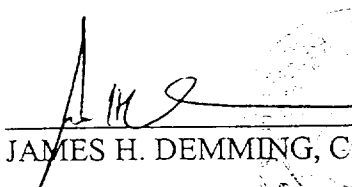
VII. 4. Consideration of Award of Bid—Purchase of Manufactured Home for Community Development Department. Mr. Mark Haga presented information on the Owner Occupied Rehabilitation Program as it related to providing housing for a single mother with three children living in a home that could not be rehabilitated. He proposed that funds be expended to purchase a manufactured home as a 15-year "forgivable" loan. Cost to construction a home far exceeds the expense of installing the manufactured home.

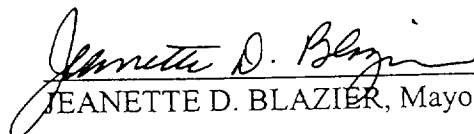
Discussion followed regarding funding the project, and non-committal from the recipient. Alderman Harmon suggested that a zero percent interest 30-year loan be considered. Vice-Mayor Vaughn suggested working with Habitat for Humanity. Mr. Haga indicated that the recipient's level of income did not qualify under the Habitat program. Vice Mayor Vaughn cautioned against expending such a large sum of money on one recipient instead of disbursing it in a program that assists several recipients. The Board expressed concerns about the low level of responsibility and zero repayment expected from the recipient. Mr. Griffin noted that the action proposed in this case is consistent with the practices used by Bristol, Johnson City and Knoxville. Discussion continued. Mr. Haga briefly explained the City's legal responsibility under the Uniform Relocation Act to provide housing for citizens whose residence is identified as dilapidated and not habitable. He related his experience as positive in other cases where a recipient received a "forgivable" loan. Mr. Haga proposed a \$20,000 grant and issuance of the balance due in the form of a zero percent interest loan to the applicants. Mayor Blazier asked Mr. Haga to review alternatives that affords families qualified for the program the opportunity to partner the responsibility involved in providing replacement housing.

4. CAPITAL IMPROVEMENT PLAN REVIEW (BUDGET WORKSESSION).

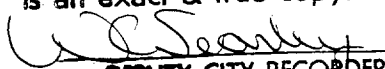
Discussions held during the budget work session reviewing the Capital Improvement Plan are reflected in a separate record of minutes.

5. ADJOURN. Upon completion of the budget work session, Mayor Blazier adjourned the meeting at 9:10 p.m.


JAMES H. DEMMING, City Recorder


JEANETTE D. BLAZIER, Mayor

This is to certify that this
is an exact & true copy.


DEPUTY CITY RECORDER
City of Kingsport, TN

Minutes
Board of Mayor and Aldermen
Business Meeting
Tuesday, 02 May 2000

PRESENT: Mayor Blazier; Vice-Mayor Vaughn; Aldermen Boyd, Clark, Harmon, Marsh, and Munsey; City Manager Griffin; City Attorney Billingsley; City Recorder Demming and Staff

Mayor Blazier called the meeting to order at 7:00 p.m. in the large courtroom at City Hall.

I. PLEDGE OF ALLEGIANCE TO THE U.S. FLAG. Alderman Harmon led the Pledge of Allegiance.

II. INVOCATION. Reverend Mark Stayton, Kingsport Community Church, led the invocation.

III. ROLL CALL. City Recorder Demming called the roll.

IV. RECOGNITIONS AND PRESENTATIONS

A. Mayor Blazier welcomed special guests Ms. Jenny Seguin, Director of the Convention and visitors Bureau and her staff, Mr. Larry Crawford, Chairman of the Bureau Council, and his wife Jane, and Ms. Liesa Jenkins, Director of Kingsport Tomorrow.

B. Mayor Blazier read a proclamation declaring May 7 to May 12, 2000 National Tourism Week in Kingsport in conjunction with National Tourism Week. The proclamation was presented to Mr. Crawford.

C. The mayor recognized and welcomed Dobyns-Bennett High School students to the meeting.

V. APPROVAL OF MINUTES. Upon a motion by Alderman Munsey, seconded by Alderman Boyd, minutes from the following meetings were approved as corrected, all present voting "aye:"

- A. Budget Work Session with Board of Education, 11 April 2000
- B. Work Session, 17 April 2000
- C. Business Meeting, 18 April 2000
- D. Bid Opening, 13 April 2000—Sanitary Sewer Facilities & Waterline Improvements for Mayfield-McKenzie Areas/North Kingsport
- E. Bid Opening, 14 April 2000—Pricing for Purchase of Manufactured Home
- F. Bid Opening, 14 April 2000—Request for Proposal for Administrator of Workers' Compensation Program
- G. Bid Opening, 14 April 2000—Request for Proposal for Managed Health Care

This is to certify that this
is an exact & true copy

[Signature] 12-18-00
DEPUTY CITY RECORDER
City of Kingsport TN

VI. COMMUNITY INTEREST ITEMS

A. Public Hearings

1. (Ordinance to Rezone Property for the Proposed West Stone Drive Wal-Mart Site) City Manager Griffin asked Senior Planner Alan Webb to present an executive summary on a rezoning request submitted on behalf of Fort Robinson Realty and Vulcan Material by Mr. David Robinette, President of Site Design Inc. Mr. Webb reported that approval of the request would rezone .797 acres from A-1—Agricultural District and 3.7 acres from P-1—Professional Office District to B-3—General Business District. The property site is located adjacent to Deneen Lane and proposed to be combined with 22.17 acres already zoned B-3 adjacent to West Stone Drive to permit development of a Wal-Mart Super Center facility. Mr. Webb displayed a map and described the site/area being considered. He also stated that the Blue Line Stream referenced at yesterday's work session as potentially requiring special provisions in the development's proposal, in fact, does not require associated drainage grading and erosion controls. Mr. Webb remarked that the project engineer, Mr. Chris Alley advised him that the State no longer considers the Blue Line Stream to exist on the property. An existing sinkhole serves as drainage detention. Mr. Webb also identified authorities on State, local, and Staff levels who oversee various elements of the development. The City sewer line will need to be extended to the site at city expense. Wal-Mart is responsible for the development's sewer connector lines.

Vice Mayor Vaughn asked for clarification that the storm water drainage would not impact surrounding subdivisions and properties. Mr. Webb concurred. Alderman Clark stated that based on his discussions with the City Engineer, the flow volume of drainage would not be any greater than is already provided for. Vice Mayor Vaughn asked Staff to ensure certifications to this effect are obtained and recorded. Mr. Webb concurred.

Discussion followed. Mr. Webb clarified that the sewer line extension to the new Wal-Mart site would be adequate for Wal-Mart and other developments in the vicinity as they occur. No plans for reuse of the existing Wal-Mart building are known at time. Mr. Clark, Chair of the Economic Development Committee's subcommittee on redevelopment, remarked that options are being considered, as well as steps to improve the access into that area. His subcommittee plans to provide a May report to the BMA that addresses some of the issues related to the vacancy concerns. Other commercial project areas are being considered for redevelopment as well.

Vice Mayor Vaughn asked for the status of the City's commitment to pave the end of Deneen Lane. City Engineer Doug Carver responded that the commitment would be fulfilled during the final paving phase of the Deneen Lane reconstruction project.

Mayor Blazier declared a public hearing open.

Seeing no citizens or correspondence come before the Board, Mayor Blazier declared the public hearing closed.

Upon a motion by Alderman Marsh, seconded by Alderman Munsey, AN ORDINANCE TO FURTHER AMEND THE ZONING, TEXT AND MAP, TO REZONE AN AREA KNOWN AS THE FORT ROBINSON REALTY AND VULCAN MATERIALS PROPERTY, LOCATED IN THE VICINITY OF WEST STONE DRIVE AND DENEEN LANE, SITUATED IN THE 12TH CIVIL DISTRICT OF SULLIVAN COUNTY; TO FIX A PENALTY FOR THE VIOLATION OF THIS ORDINANCE; AND TO FIX THE EFFECTIVE DATE OF THIS ORDINANCE was passed on first reading, all present voting "aye."

Alderman Clark complimented Doug Carver and Staff for responding to inquiries presented at the work session. Mayor Blazier concurred, extending gratitude to Alan Webb and Staff as well.

2. (Ordinance to Rezone Property for the Proposed West Stone Drive Medical Office Facility Site) City Manager Griffin presented an ordinance to rezone property adjacent to Granby Road from R-1B—Single-Family Residential District to B-3—General Business District. Planner Cheryl Carter summarized the zoning request from Stone West Building Partnership.

Mayor Blazier declared a public hearing open.

Seeing no citizens or correspondence come before the Board, Mayor Blazier declared the public hearing closed.

Upon a motion by Alderman Boyd, seconded by Alderman Marsh, AN ORDINANCE TO FURTHER AMEND THE ZONING, TEXT, AND MAP, TO REZONE AN AREA KNOWN AS THE STONE WEST BUILDING PARTNERSHIP PROPERTY, LOCATED IN THE VICINITY OF WEST STONE DRIVE AND GRANBY ROAD, SITUATED IN THE 12TH CIVIL DISTRICT OF SULLIVAN COUNTY; TO FIX A PENALTY FOR THE VIOLATION OF THIS ORDINANCE; AND TO FIX THE EFFECTIVE DATE OF THIS ORDINANCE, was passed on first reading, all present voting "aye," except Harmon, who abstained.

3. (Ordinance to Authorize the Mayor to Execute a Contract with Flores & Associates) City Manager Griffin presented an ordinance to permit implementation of an employee benefit plan known as a 'Flexible Spending Account.' Director of Administrative Services, Dennis Lyon, summarized that two years ago the BMA implemented an IRS Section 125 Premium Only Plan which saved the City in excess of \$90K in certain taxes and that a natural extension of that plan is the Flexible Benefit Spending Account Plan. Details of the plan were briefly explained. The Employee Benefit Committee recommends approval of the plan. The plan will result in additional savings to the City and disposable income to employees.

Discussion followed with regard to being able to measure the results of the plan by July 2001, anticipated use and monetary savings of the accounts, and expectations of employee participation in the program.

Alderman Marsh asked the record to reflect that a year from July the BMA is to be provided with

a report that shows actual results as compared to what is projected to happen. Mr. Lyon agreed to provide the report.

Mayor Blazier declared a public hearing open.

Seeing no citizens or correspondence come before the Board, Mayor Blazier declared the public hearing closed.

Upon a motion by Alderman Harmon, seconded by Alderman Marsh, AN ORDINANCE TO AUTHORIZE THE MAYOR TO EXECUTE AN AGREEMENT BETWEEN FLORES & ASSOCIATES AND THE CITY OF KINGSPORT FOR THIRD PARTY ADMINISTRATION OF FLEXIBLE SPENDING ACCOUNTS; AND TO FIX THE EFFECTIVE DATE OF THIS ORDINANCE, was passed on first reading, all present voting "aye."

4. (Ordinance to Authorize the Mayor to Execute a Contract for Employee Health Care Insurance with the State of Tennessee) City Manager Griffin presented an ordinance for public hearing and Board consideration for contracting health insurance for City employees. Director of Administrative Services Dennis Lyon presented an executive summary relating to the proposed State administered Health Care Insurance Plan. He concluded that the recommended State plan closely matched current services provided to employees through the John Deere plan with about a 4 percent cost increase as opposed to an 18.5 percent increase priced in plans requested through the Request for Proposal (RFP) purchasing process. He advised that the State evaluates rate increases in January each year and that rates have increased between 4 and 5 percent annually over the past 5 years; the Employee Benefits Committee expects no significant change this January. The BMA Budget has an allowance of 8 percent for a cost increase in health insurance, which should accommodate an increase of this measure. The State plan carries a 2-year contract commitment. Discussion followed.

Alderman Marsh asked if use of an external consultant had analyzed the RFP responses or this specific recommendation. Mr. Lyon replied that the City does contract with AON consultants but that AON did not analyze these proposals. However during a meeting early in the year regarding flex spending some staff and the committee members talked with them about rate increases. He noted that the national rate increase has been above 30 percent, committee and Staff have not seen many rate increases below double digits. The Benefit Committee analyzed the responses.

Alderman Harmon disagreed with Mr. Lyon's comments regarding double digit rate increases. He noted that health insurance is an important benefit that the City has to provide to employees and he favored providing good health care at a reasonable cost to the taxpayers. He had called an insurance provider that serves 40,000 people in the region for a comparison of information distributed to the Board. The provider indicated that it was very much out-of-line with the costs for the 40,000 people under its health system. He provided a premium rate comparison in example and stated that he is not satisfied that the proposed plan offers the best-priced premium

(gross-cost).

Alderman Boyd remarked that he agreed with Mr. Harmon and made a motion to defer action on this item pending more study. Alderman Marsh seconded the motion.

Mayor Blazier asked Mr. Lyon to address the timing and coverage issues relating to continuation of health care coverage. Mr. Lyon responded that if the process is regenerated a 30 day notice would be given with bid specifications, the process would be opened to previous and new bidders alike, and time would be needed to analyze bids received. He also confirmed that a request would need to be submitted to John Deere for terms to extend the current plan beyond 01 July 2000.

Upon legal counsel from City Attorney Billingsley Alderman Boyd's motion was considered out of order and a motion needed to be made to reject the bid offer from the State of Tennessee if that was the Board's desire.

Mayor Blazier declared a public hearing open.

Seeing no citizens or correspondence come before the Board, Mayor Blazier declared the public hearing closed.

Board discussion briefly continued. Alderman Harmon voiced concern that that the plan may provide a standard of health care coverage considerably above average in expectation of services and reasonable cost to the citizens. City Manager Griffin responded that in comparison to the proposals submitted the plan seemed to be an average plan, metaphorically concluding "it certainly is not a Cadillac, and it certainly is not a jalopy either."

Alderman Munsey voiced concern with the process in which Board members received a presentation on this item at the work session and again at this meeting, inferring that if the concerns raised at this meeting had been raised at the work session, they may have been more appropriately addressed. Brief responding discussion from Board members reasoned that potential cost savings of \$200,000 justified reconsideration and proof of a need for a more competitive proposal.

Vice Mayor Vaughn opposed submission of this information so close to the existing plan's renewal period.

Alderman Clark suggested that given the magnitude of cost represented by the cost of employee health care benefits the Board favors a more active research on what the low cost options are versus simply advertising.

Mayor Blazier asked if enough time is available to respond and present research data to the Board prior 01 July. In summary, Mr. Lyon remarked that Staff would make every effort to respond to Board concerns within 60 days.

Mayor Blazier asked if enough time is available to respond and present research data to the Board prior 01 July. In summary, Mr. Lyon remarked that Staff would make every effort to respond to Board concerns within 60 days.

Upon a motion by Alderman Boyd, seconded by Alderman Marsh, REJECTION OF AN ORDINANCE TO AUTHORIZE THE MAYOR TO EXECUTE AN AGREEMENT BETWEEN THE STATE OF TENNESSEE DEPARTMENT OF FINANCE AND ADMINISTRATION AND THE CITY OF KINGSPORT FOR EMPLOYEE HEALTH INSURANCE; AND TO FIX THE EFFECTIVE DATE OF THIS ORDINANCE, was approved, Boyd, Clark, Harmon, Marsh, Munsey, Vaughn, and Blazier voting "aye."

B. Business Matters Requiring First Reading

1. (Ordinance to Authorize the Mayor to Execute a Subordination Agreement with State of Franklin Savings Bank) City Manager Griffin invited Mr. Mark Haga to present this action item. Mr. Haga addressed concerns raised during the agenda work session. He had contacted a representative of the State of Franklin Savings Bank regarding the appraised value of the home under consideration for a subordination agreement for an improvement loan. The bank agent had reported that a formal appraisal valued the property at \$50,800 that the bank would not issue the homeowner a Home Improvement Loan without the subordination agreement from the City. Mr. Haga stated that based on knowledge of the homeowner and conversation with the bank's agent, he remained comfortable in recommending approval of the ordinance.

Upon a motion by Alderman Boyd, seconded by Alderman Marsh, AN ORDINANCE TO AUTHORIZE THE MAYOR TO EXECUTE A CERTAIN SUBORDINATION AGREEMENT BETWEEN THE CITY OF KINGSPORT AND STATE OF FRANKLIN SAVINGS BANK FOR THE RICHARD WEST PROPERTY; AND TO FIX THE EFFECTIVE DATE OF THIS ORDINANCE, was passed on the first reading, all present voting "aye."

2. (Ordinance to Authorize the Mayor to Execute all Documents Necessary to Obtain a Police-School Resource Officer Grant from the U.S. Department of Justice) Chief of Police Mark Addington presented an executive summary and recommended passage of the ordinance. He addressed concerns of the Board and reported that Dr. Chambers had indicated in a conversation earlier in the day that the Schools understands it will be expected to fund the position beyond the grant period.

Alderman Marsh asked that a letter be obtained from Dr. Chambers or the BOE Chairman confirming the conversation between Chief Addington and Dr. Chambers. Alderman Clark emphasized that the letter should specify that there is an understanding that the Schools will fund the position 100 percent without asking for a budget increase commensurate to this position as discussed during the work session.

City Manager Griffin remarked that Staff would contact the BOE and attempt to obtain this information by second reading of the ordinance and that this item would be placed on the

Upon a motion by Alderman Boyd, seconded by Alderman Munsey, AN ORDINANCE TO AUTHORIZE THE MAYOR TO EXECUTE ALL DOCUMENTS NECESSARY TO OBTAIN A POLICE-SCHOOL RESOURCE OFFICER GRANT FROM THE U.S. DEPARTMENT OF JUSTICE; AND TO FIX THE EFFECTIVE DATE OF THIS ORDINANCE, was passed on the first reading, all present voting "aye."

C. Business Matters Requiring Second Reading and Final Adoption. See paragraph VII, Consent Agenda.

D. Other Business

1. (Amend the Police Department Budget for Training Salary Supplement) City Manager Griffin presented a resolution to amend the General Fund to reflect the salary supplement received by the City for disbursement to 97 police officers who completed training under provision of State Legislature.

Upon a motion by Alderman Boyd, seconded by Alderman Marsh, **Resolution No. 2000-090**, BEING A RESOLUTION AMENDING THE GENERAL FUND POLICE DEPARTMENT BUDGET FOR THE FISCAL YEAR ENDING JUNE 30, 2000, was adopted, all present voting "aye."

2. (Establish Funding for Easements for the John B. Dennis Highway Widening Project) City Manager Griffin presented a resolution to appropriate funding from unallocated bond funds in the amount of \$35,000 for easements necessary for completion of the J.B. Dennis Highway Widening Project.

Alderman Clark asked Staff to provide a quarterly review of sources of unallocated bond proceeds specifically so the BMA can designate/approve the in-flow and out flow of unallocated bond funds.

Vice Mayor Vaughn questioned if a mechanism should be in place that determines what is a priority in the City's funding agreement of the projects that the City is going to fund. He favored allocating dollars to the projects approved for funding and becoming less supportive of projects not budgeted for allocations, except in emergency situations.

Mayor Blazier asked the City Manager to address Mr. Vaughn's concerns. City Manager Griffin agreed with the philosophy and explained that part of the problem is the result of the City not having comprehensive capital planning in place where the Staff and Board deal with the total project and identifying all the anticipated expenditures within the anticipated revenue stream. He stipulated that there may be a need from time to time for an amendment to that process. He assessed that Staff has attempted to take a first step toward this position by submitting an initial 5-year Capital Improvement Plan, which the Board is currently reviewing. He expressed hope that the Board and Staff will be able to develop a 5-year plan based on the funding available and begin addressing the very question posed. In reference to Alderman Clark's concern he

indicated that once a bond financed project is completed and closed, those bonds would naturally flow to an unallocated reserve. For example, in the operating fund at the end of the year, reversions and revenue surpluses flow to fund balance. The Staff's quarterly report will show the Board where funds are coming from and where they are residing in terms of an unallocated balance, but for the purpose cleaning up the bond projects and closing those accounts out, those need to go forward in the existing manner. Your assurance that the money is captured until the Board knows what is going on is the policy the Board asked for last night. He advised that administration cannot spend unallocated bond monies, the governing body must appropriate these monies. Alderman Clark offered considerable comments regarding allocation of funds from the Legion Pool bonds and fund management of other projects.

City Attorney and former Acting City Manager Billingsley explained that part of the monies requested are from an unallocated General Obligation Bond Series 1999, not from unallocated bond proceeds, clarifying the difference and the projects approved for funding from the Unallocated Bond. It was the intent of the former Board to allocate monies of the Unallocated Bond for projects approved in the last budget. He noted that actions of this nature are an extension of what was approved by the BMA last budget year, concluding that the funds are being used for the purpose they were intended.

Alderman Clark spoke in favor of Staff identifying projects specifically approved under these conditions on the action form to clearly differentiate between the two sources of allocation.

Alderman Marsh asked Staff to provide a list of expenditures from and balance of the unallocated General Obligated Bond Series 1999. Mr. Griffin concurred.

Upon a motion by Alderman Harmon, seconded by Alderman Marsh, **Resolution No. 2000-091, BEING A RESOLUTION TO AMEND THE GENERAL PROJECT FUND JOHN B. DENNIS HIGHWAY WIDENING PROJECT (GP0009) BUDGET**, was adopted, all present voting "aye."

3. (Construction of Intrastate Natural Gas Pipeline Facilities in the City Limits of Kingsport) City Manager Griffin asked City Attorney Billingsley to present Staff summary and explain the proposed resolution. Mr. Billingsley discussed the proposal to authorize construction of intrastate natural gas pipeline facilities within the City limits. He introduced General Counsel for Tengasco Pipeline Corporation, Cary Sorenson and Bob Carter, President of Tengasco. The resolution would allow Tengasco to provide natural gas to industrial customers in Kingsport from a line drilled in Hancock County. Eastman Chemical Company has signed a contract with Tengasco for their service of providing. A franchise agreement will be presented in the near future similar to the one recently passed for United Cities Gas Company.

Brief comments followed. Vice Mayor Vaughn favored the City Attorney ensuring that the forthcoming franchise agreement address issues of preserving the quality of the community's roads, environment and other aspects of community welfare affected by the pipeline installation. City Attorney Billingsley concurred.

Upon a motion by Alderman Boyd, seconded by Alderman Clark, **Resolution No. 2000-092, BEING A RESOLUTION TO AUTHORIZE CONSTRUCTION OF INTRASTATE NATURAL GAS PIPELINE FACILITIES**, was adopted, all present voting "aye."

4. (Appropriate Funds to the All-America City Steering Team) City Manager Griffin presented a resolution that would appropriate \$10,000 from excess Hall Income Tax revenue to the BMA Public Relations budget to donate to the Tri-Cities TN/VA All America City Steering Team for the purpose of enhancing regional cooperation, and promoting the region for tourism and economic development, and being designated as an All America city "Five Star Partner."

Alderman Marsh expressed that the donation of money should come from the Kingsport Convention and Visitors Bureau (KCVB) based on its mission and annual budget of approximately \$700,000 each year as funded through Kingsport's taxing authority. He favored the All-America Steering Committee's marketing program, however strongly opposed the BMA donating the money instead of the KCVB, associating the General Fund expenditure with a reduction in opportunity to support various other priorities giving the examples of the employee pay plan, pavement fund, and Bays Mountain land acquisition. He asked the Board to decline awarding the donation and to request KCVB to fund it as an activity that fits their role in the community.

Alderman Munsey asked Mr. Crawford to respond to this issue. Regarding a donation from KCVB, Mr. Crawford stated "I think it would be setting a precedent that would open the funding for our KCVB programs and what we do, that would deteriorate our abilities to perform in the capacities that we have performed in the past."

Mayor Blazier remarked that the Chair of the All-America Steering Team had indicated that only municipalities and counties had been asked to fund this effort.

Alderman Clark questioned why the donation wasn't being funded through a marketing mechanism that the City is currently funding under its economic development strategy since the All-America City program was initially presented as a marketing mechanism for the region. He contended that funds are also being given to various entities to do marketing for the City.

The Mayor asked Ms. Liesa Jenkins to expound on the Steering Committees budget for marketing and other aspects. Ms. Jenkins responded by highlighting some primary initiatives and the rationale behind asking government entities versus municipal and county agencies. She summarized that not all government entities have marketing agencies and most people rely on elected officials to represent the interests of the community at large. She reported that current government contributions totaled \$19,000 compared to approximately \$80,000 from private businesses. Mayor Blazier asked about the City's representation on the various All-America City teams. Ms. Jenkins noted that participation and representation on the teams is open to all individuals. The Mayor expressed that Kingsport would be well represented on the teams.

Alderman Harmon applauded the Steering Team's efforts and stated that he hoped that the Team would use some of the donation to find ways to partner with the KCVB as well as other marketing entities the City funds to enhance the team's marketing strategy. He considered the donation a one-time request that would be used to help establish an infrastructure for the Steering Team's short tenure of responsibility to promote the region. Alderman Clark asked for clarification on whether more funds would be requested in follow-on years. Ms. Jenkins replied that she was not aware of any mechanism beyond December 2000 designed to request additional funding. She noted that if projects such as "Vision 2025" and "Education 2010" proceed forward and there is a need to for continued support to sustain their goals, these project committee's may solicit funds from any and all sources. She concluded that donations are not always in the form of cash, many organizations donate other types of resources.

Alderman Marsh reiterated that KCVB should step forward and fund this donation.

Ms. Jenkins further explained the mission and regional benefits of the All-America City initiative. She explained that suggested donations were based on per-capita income and population of communities.

Discussion continued. Ms. Jenkins responded to several additional concerns.

Alderman Munsey called for the question.

Upon a motion by Alderman Boyd, seconded by Alderman Munsey, **Resolution No. 2000-093**, BEING A RESOLUTION TO AMEND THE GENERAL FUND GENERAL GOVERNMENT BOARD OF MAYOR & ALDERMAN PUBLIC RELATIONS BUDGET FOR THE FISCAL YEAR ENDING JUNE 30, 2000, was adopted, Boyd, Clark, Harmon, Munsey, Vaughn, and Blazier voting "aye," Marsh voting voted "nay."

Alderman Clark commented that Alderman Marsh had raised an appropriate issue regarding what the Board expects from City funded entities in respect to participation in marketing regional initiatives. Mayor Blazier asked the issue be addressed at the next work session.

5. Upon a motion by Alderman Boyd, seconded by Alderman Harmon, issuance of Certificates of Compliance for businesses to sell retail alcoholic beverages were approved for B&B Package Store, Colonial heights Package Store, and Kelley's Package Store; all present voting "aye."

6. Upon a motion by Alderman Clark, seconded by Alderman Marsh, **Resolution No. 2000-094**, BEING A RESOLUTION TO EXTEND THE CONTRACT AGREEMENT WITH BLACKBURN, CHILDERS & STEAGALL, PLC FOR INTERNAL AUDIT SERVICES, was adopted, all present voting "aye."

Alderman Harmon explained that the City Audit Committee has set up four areas for review by the auditors: 1) Internal audit Marriott's cost allocation records for compliance with terms of

operating agreement between Marriott and the City; 2) Assist City's accounting staff in developing procedures to verify that revenue sources are correctly reported to the City; 3) Assist City's accounting staff in implementing GASB 34 requirements; and 4) Perform an analysis of City's data processing security in aspects of electronic and physical security.

E. Appointments. Upon a motion by Alderman Clark, seconded by Alderman Harmon, the following appointment was approved:

Kingsport Public Library Commission

Reappoint Dr. Gary Andes for a second 4-year term retroactive to 31 March 1999, to expire 31 March 2003.

VII. CONSENT AGENDA

A. Upon a motion by Alderman Boyd, seconded by Alderman Clark the Board voted to:

1. Pass on second reading, **Ordinance No. 4752**, BEING AN ORDINANCE TO AUTHORIZE AN AGREEMENT WITH THE KINGSPORT HOUSING AND REDEVELOPMENT AUTHORITY FOR A POLICE SUB-STATION PROJECT; AND TO FIX THE EFFECTIVE DATE OF THIS ORDINANCE, Boyd, Clark, Harmon, Marsh, Munsey, Vaughn, and Blazier voting "aye."

Adopt, **Resolution No. 2000-095**, BEING A RESOLUTION TO AMEND THE GENERAL PROJECT FUND RIVERVIEW SUBSTATION PROJECT (NC010), CLOUD SUBSTATION PROJECT (NC0102), AND BICYCLE PATROL PROJECT (NC0103) BUDGETS; Boyd, Clark, Harmon, Marsh, Munsey, Vaughn, and Blazier voting "aye."

2. Adopt, **Resolution No. 2000-096**, BEING A RESOLUTION TO AUTHORIZE CONDEMNATION PROCEEDINGS FOR THE PHASE III NORTH KINGSPORT SANITARY SEWER PROJECT; Boyd, Clark, Harmon, Marsh, Munsey, Vaughn, and Blazier voting "aye."

3. Approve offers for permanent easements (PE) and temporary easements (TE) across properties affected by Phase IV of the North Kingsport Sanitary Sewer Project; Boyd, Clark, Harmon, Marsh, Munsey, Vaughn and Blazier voting "aye." The offers approved include: (listed by Tax Map & Parcel, Property Owner, Easement Area, Appraised Value):

12-K A-2.10, Olin Pendleton, PE 1,620 sq ft, TE 1,620 sq ft, \$260

12-K A-3.5, Danny K. Pendleton, TE 400sf, \$20

12-K A-3.60, Joann P. Dickerson, PE 100sf, TE 200sf, \$20

12-K A-4, John L. Pendleton, TE 1,258sf, \$50

12-K A-5, Samuel E. Dingus, PE 3,518sf, TE 7,034sf, \$705

12-K A-6, O. M. Pendleton, PE 390sf, TE 780sf, \$80

12-K A-10, Ettie Stapleton, PE 100sf, TE 100sf, \$20

12-K A-11, Lotus Dougherty, PE 2,152sf, TE 2,152sf, \$345

- 12-K A-12, Tony Slaughter, TE 1,501sf, \$60
- 12-K A-14, James B. Spivey, PE 1,510sf, TE 3,020sf, \$305
- 12-K A-15.01, Ralph E. Peek, PE 207sf, TE 414sf, \$45
- 12-K B-10, Joseph Thomas, PE 1,635sf, TE 3,270sf, \$330
- 12-K B-13, Harris Dockery, PE 2,293sf, TE 4,586sf, \$460
- 12-K B-27, Valerie Harper, PE 1,109sf, TE 2,217sf, \$225
- 12-N B-28, James T. Williams, PE 1,002sf, TE 2,004sf, \$200
- 12-K B-29, W. H. Buchanon, PE 1,521sf, TE 3,043sf, \$305
- 12-K B-30, Dutt Wagers, PE 338sf, TE 675sf, \$70
- 12-K B-31, Otis Wagers, PE 1,312sf, TE 2,624sf, \$265
- 12-K B-32, Robert Summers, PE 104sf, TE 208sf, \$25
- 12-K B-33, Michael T. Betley, PE 20sf, TE 40sf, \$20
- 12-K B-38, Richard A. Byrd, PE 325sf, TE 649sf, \$65
- 12-K B-39, Jimmy D. Dunham, PE 2,188sf, TE 4,376sf, \$440
- 12-K B-42, Luther Rhoton, PE 503sf, TE 1,006sf, \$105
- 12-K B-42.50, Clinda J. Brickey, PE 4,824sf, TE 9,649sf, \$965
- 12-K B-47, Eldridge E Stipe, PE 562sf, TE 1,125sf, \$115
- 12-K B-48, James S. McMurray, PE 1,807sf, TE 3,614sf, \$365
- 12-K B-49, William J. Johnson TE 1,243sf, \$50
- 12-N A-3, Conley L. Bishop, TE 1,500sf, \$60
- 12-N A-4, Ora McKenzie, PE 3,760sf, TE 7,520sf, \$755
- 12-N A-5, Jennifer Delano, TE 3,638sf, \$150
- 12-N A-13.20, Susan Dykes, PE 3,781sf, TE 7,563sf, \$760
- 12-N A-14, Ted D. Collins, PE 1,025sf, TE 2,049sf, \$205
- 12-N A-15, James D. Black, PE 477sf, TE 477sf, \$80
- 12-N A-16, Lester Dougherty, TE 2,040sf, \$85
- 12-N A-17, Lloyd C. Pendleton, TE 5,152sf, \$210
- 12-N B-1, Clark E. Lawson, PE 69sf, TE 138sf, \$20
- 12-N B-2, David Redman, PE 518sf, TE 1,035sf, \$105
- 12-N B-3, W A G Enterprises of Mt. Carmel TN, PE 518sf, TE 1,035sf, \$105
- 12-N B-4, Jeff Rogers, PE 1,548sf, TE 3,096sf, \$310
- 12-N B-5, Dallas Salyer, PE 3,181sf, TE 6,362sf, \$640
- 12-N B-6, Jackson D. Smith, PE 1,005sf, TE 1,005sf, \$165
- 12-N B-7, Jackson D. Smith, PE 502sf, TE 502sf, \$85
- 12-N B-8, Jackson D. Smith, PE 502sf, TE 502sf, \$85
- 12-N B-9, James E. Robinette, PE 324sf, TE 648sf, \$65
- 12-N B-10, James E. Robinette, TE 904sf, \$40
- 12-N B-11, Larry R. Gordon, TE 2,765sf, \$115
- 12-N B-12, Roy M. Bales, PE 2,098sf, TE 4,196sf, \$420
- 12-O A-5, Jeffrey L. Truelove, PE 1,125sf, TE 1,792sf, \$210
- 12-O A-6, Dorothy Starnes, PE 2,648sf, TE 5,296sf, \$530
- 12-O A-7, James D. McConnell (of Irving, TX), PE 1,690sf, TE 3,379sf, \$340
- 12-O A-8, Parcel No. 1, J. Glenn McKenzie, PE 2,684sf, TE 5,685sf, \$550
- 12-O A-8, Parcel No. 2, J. Glenn McKenzie, PE 2,695sf, TE 5,390sf, \$540

- 12-O A-8.20, J. Glenn McKenzie, PE 846sf, TE 1,375sf, \$160
- 12-O A-10, Morris Ray Price, PE 1,064sf, TE 2,128sf, \$215
- 12-O A-10.10, Shirley Dean & Perry Davidson, PE 1,385sf, TE 2,770sf, \$230
- 12-O A-11, Ralph W. McKenzie, PE 94sf, TE 189sf, \$20

4. Withdrawn. Consideration of a bid on a manufactured home for a Community Development Program recipient was withdrawn from the agenda.

A printed report on Cash in Banks was distributed but not discussed. Investments purchased March 4, 2000 through March 31, 2000 included:

<u>Type of Instrument</u>	<u>Rate</u>	<u>Purchase Date</u>	<u>Due Date</u>	<u>Bank</u>	<u>Amount</u>
Certificate of Deposit	6.0000%	03/14/00	07/27/00	FTB	\$700,000.00
Certificate of Deposit	6.0400%	03/14/00	07/01/00	FTB	1,000,000.00
Certificate of Deposit	6.0600%	03/14/00	07/31/00	FTB	2,000,000.00
Certificate of Deposit	6.1317%	03/14/00	08/31/00	STB	3,300,000.00
Certificate of Deposit	6.1900%	03/27/00	08/31/00	FTB	200,000.00
Certificate of Deposit	5.9700%	03/27/00	06/01/00	FTB	700,000.00

VIII. COMMUNICATIONS

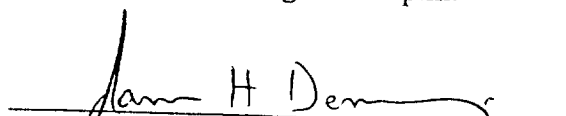
A. City Manager. None.

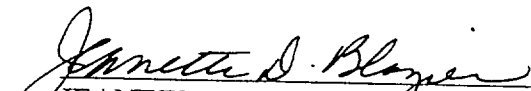
B. Mayor and Board Member Requests

1. Alderman Harmon complimented Mr. Lyon for his efforts in presenting data on the health plan and responding to numerous challenging responses. Mr. Harmon noted that his attention on the subject would be directed to City Manager Griffin to be actively involved in the search to meet the necessary level of comfort the Board requires.

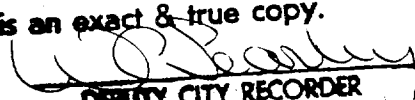
C. Visitors. Mayor Blazier invited those desiring to speak to come to the podium. No visitors came forward.

IX. ADJOURN. Seeing no further business to come before the Board, Mayor Blazier adjourned the meeting at 9:12 p.m.


JAMES H. DEMMING, City Recorder


JEANETTE D. BLAZIER, Mayor

This is to certify that this
is an exact & true copy.


DEPUTY CITY RECORDER
City of Kingsport, TN 12-18-00

BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE

IN RE:)	
)	
JOINT APPLICATION OF THE CITY OF)	
KINGSPORT AND TENGASCO PIPELINE)	Docket No. 00-00537
CORPORATION FOR APPROVAL OF)	
CITY RESOLUTION)	

MOTION FOR DETERMINATION ON WRITTEN RECORD
AND CANCELLATION OF HEARING

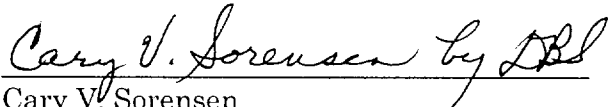
COMES NOW Tengasco Pipeline Corporation, a joint applicant in this proceeding, respectfully moves as follows:

Tengasco Pipeline Corporation moves, in light of the fact that the proceeding is uncontested, that the following matters be admitted into the evidentiary record of this proceeding: the certified copy of the Resolution at issue in this proceeding attached to the application on file, the Joint Stipulation on file herein, all answers of all parties to the data requests of the staff (without waiving the confidentiality of all answers submitted as confidential), the prefiled direct testimony of Tengasco Pipeline Corporation (Robert M. Carter, President of Tengasco Pipeline Corporation), and the certified copies of the minutes of the working session and the business meeting of the Mayor and Board of Aldermen of the City of Kingsport at which the Resolution was adopted.

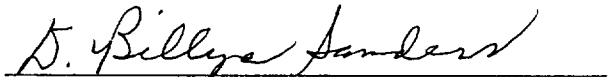
Tengasco Pipeline Corporation moves upon the record so constituted that the relief requested by the joint applicants in this proceeding be granted as being necessary and proper for the public convenience and properly conserving the public interest, without necessity of convening a hearing in this matter.

Tengasco Pipeline Corporation requests that upon the grant of the relief requested by this motion, the hearing presently scheduled to occur on December 28, 2000 in this matter be cancelled as moot, and that all counsel of record be notified of such cancellation as soon as may be practical.

BY ATTORNEYS:

Handwritten signature of Cary V. Sorensen in cursive, followed by a horizontal line.

Cary V. Sorensen
Vice President and General Counsel
603 Main Avenue, Suite 500
Knoxville, Tennessee 37902
(865) 523-1124
(865) 523-9894 (facsimile)
Attorney for Tengasco Pipeline Corporation

Handwritten signature of D. Billye Sanders in cursive, followed by a horizontal line.

D. Billye Sanders
Waller Lansden Dortch & Davis
A Professional Limited Liability Company
Nashville City Center
511 Union Street, Suite 2100
Nashville, Tennessee 37219
(615) 244-6380
(615) 244-6804 (facsimile)
Attorney for Tengasco Pipeline Corporation

BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE

IN RE:)	
)	
JOINT APPLICATION OF THE CITY OF)	
KINGSPORT AND TENGASCO PIPELINE)	Docket No. 00-00537
CORPORATION FOR APPROVAL OF)	
CITY RESOLUTION)	

MOTION FOR DETERMINATION ON WRITTEN RECORD
AND CANCELLATION OF HEARING

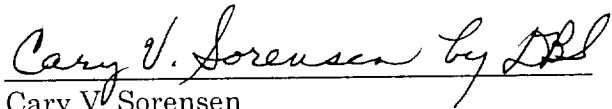
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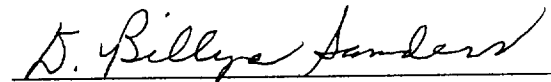
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603 Main Avenue, Suite 500
Knoxville, Tennessee 37902
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D. Billye Sanders
Waller Lansden Dortch & Davis
A Professional Limited Liability Company
Nashville City Center
511 Union Street, Suite 2100
Nashville, Tennessee 37219
(615) 244-6380
(615) 244-6804 (facsimile)
Attorney for Tengasco Pipeline Corporation